



January 20, 2006

HOUSE BILL No. 1332

DIGEST OF HB 1332 (Updated January 19, 2006 10:32 am - DI 101)

Citations Affected: IC 4-4; IC 6-1.1; IC 6-3; IC 6-3.1; IC 6-6; noncode.

Synopsis: Alternative fuel production and use. For purposes of the Indiana finance authority law, provides that a pollution control facility includes the following: (1) A facility that converts biomass into energy or synthetic gas for beneficial use. (2) Equipment for the conversion of waste tires into energy or synthetic gas for beneficial use. (3) A manufacturing facility that uses certain coal combustion products as a raw material for manufacturing another product. Provides for a deduction against property taxes for organic biomass conversion units and coal conversion systems. Allows a taxpayer that purchases a hybrid vehicle in a retail transaction to claim an income tax deduction for the taxable year in which the taxpayer purchases the vehicle. Provides that the amount of the deduction is \$1000. Increases the maximum amount of credits that may be granted for biodiesel production, biodiesel blending, and ethanol production. Extends the state tax liability credit for the retail sale of blended biodiesel to 2010, and eliminates the cap on the maximum amount of credits that may be given. Grants a state tax liability credit for a qualified investment in an E85 base fuel compatible fueling station. Provides that the amount of the credit is equal to the lesser of the following for each E85 base fuel compatible fueling station placed in service by the taxpayer: (1) 50% of the amount of the qualified investment. (2) \$2,000. Reduces the gasoline tax on E85 base fuel to \$0.128 tax rate per gallon. Grants a credit against excise tax that otherwise would be imposed on a vehicle capable of using E85 base fuel. Extends the tax credit for integrated coal gasification powerplants to investments in: (1) coal gasification facilities as nonutility boilers or polygeneration; and (2) fluidized combustion bed technologies.

Effective: Upon passage; January 1, 2005 (retroactive); January 1, 2006 (retroactive); March 1, 2006 (retroactive); July 1, 2006; January 1, 2007.

Friend, Lutz J, Koch

January 10, 2006, read first time and referred to Committee on Utilities and Energy.
January 19, 2006, amended, reported — Do Pass. Referred to Committee on Ways and Means pursuant to House Rule 127.

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January 20, 2006

Second Regular Session 114th General Assembly (2006)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2005 Regular Session of the General Assembly.

HOUSE BILL No. 1332

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 4-4-10.9-23.5 IS ADDED TO THE INDIANA
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
3 [EFFECTIVE UPON PASSAGE]: **Sec. 23.5. "Pollution control"**
4 **means any technology or process that effectively reduces the**
5 **emissions of certain pollutants per unit of work. The term includes**
6 **any of the following, as determined by the office of the lieutenant**
7 **governor:**

8 **(1) Precombustion processes.**

9 **(2) Combustion processes or technology.**

10 **(3) Postcombustion cleanup.**

11 SECTION 2. IC 4-4-10.9-24 IS AMENDED TO READ AS
12 FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 24. "Pollution**
13 **control facility"** means a facility for the abatement, reduction, or
14 prevention of pollution or for the removal or treatment of any
15 substances in materials being processed that otherwise would cause
16 pollution when used. This includes the following:

17 **(1) Coal washing, coal cleaning, or coal preparation facilities**

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designed to reduce the sulfur and ash levels of Indiana coal.

(2) Coal-fired boiler facilities designed to reduce emissions while burning Indiana coal.

(3) Pollution control equipment to allow for the environmentally sound use of Indiana coal.

(4) Facilities that convert biomass, including agricultural waste, industrial waste, and municipal solid waste, into energy or synthetic gas for beneficial use.

(5) Pollution control equipment for the conversion of waste tires into energy or synthetic gas for beneficial use.

(6) Manufacturing facilities that use coal combustion products:

(A) as defined by ASTM E-2201-02a; and

(B) that are derived from burning Indiana coal;

as a raw material for manufacturing another product.

SECTION 3. IC 6-1.1-12-29 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2006 (RETROACTIVE)]: Sec.

29. **(a) As used in this section, "organic biomass conversion unit" means tangible property directly used to produce gas or electricity from agricultural livestock waste nutrients (as defined in 26 U.S.C. 45) or other agriculture sources, including orchard tree crops, vineyard, grain, legumes, sugar, and other crop byproducts or residues. The term does not include tangible property that uses:**

(1) fossil fuel that exceeds the minimum amount of fossil fuel required for any necessary startup and flame stabilization; or

(2) municipal solid waste.

~~(b)~~ **(b)** For purposes of this section, "wind power device" means a device, such as a windmill or a wind turbine, that is designed to utilize the kinetic energy of moving air to provide mechanical energy or to produce electricity.

~~(c)~~ **(c)** The owner of real property, or a mobile home that is not assessed as real property, that is equipped with:

(1) a wind power device; or

(2) an organic biomass conversion unit;

is entitled to an annual property tax deduction.

(d) The amount of the deduction equals the remainder of:

(1) the assessed value of the real property or mobile home with the wind power device tangible property described in subsection (c)(1) or (c)(2) included; minus

(2) the assessed value of the real property or mobile home without the wind power device: tangible property described in subsection (c)(1) or (c)(2).

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SECTION 4. IC 6-1.1-12-30 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2006 (RETROACTIVE)]: Sec. 30. Except as provided in section 36 of this chapter, a person who desires to claim the deduction provided by section 29 **or 31** of this chapter must file a certified statement in duplicate, on forms prescribed by the department of local government finance, with the auditor of the county in which the real property or mobile home is subject to assessment. With respect to real property, the person must file the statement between March 1 and May 10, inclusive, of each year for which the person desires to obtain the deduction. With respect to a mobile home which is not assessed as real property, the person must file the statement between January 15 and March 31, inclusive, of each year for which the person desires to obtain the deduction. On verification of the statement by the assessor of the township in which the real property or mobile home is subject to assessment, the county auditor shall allow the deduction.

SECTION 5. IC 6-1.1-12-31 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2006 (RETROACTIVE)]: Sec. 31. (a) For purposes of this section, "coal conversion system" means tangible property directly used to convert coal into a gaseous or liquid fuel or char. ~~This definition~~ **The term** includes coal liquification, gasification, pyrolysis, and a fluid bed combustion system designed for pollution control.

(b) For each ~~calendar year which begins assessment date after December 31, 1979, and before January 1, 1988; February 28, 2006,~~ the owner of a coal conversion system which is used to process coal is entitled to a deduction from the assessed value of the system.

(c) The amount of the deduction for a particular calendar year equals the product of:

- (1) ninety-five percent (95%) of the assessed value of the system; multiplied by
- (2) a fraction.

The numerator of the fraction is the amount of Indiana coal converted by the system during the immediately preceding calendar year, and the denominator of the fraction is the total amount of coal converted by the system during the immediately preceding calendar year.

SECTION 6. IC 6-3-2-20 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007]: **Sec. 20. (a) As used in this section, "hybrid vehicle" means a motor vehicle that:**

- (1) draws propulsion energy from both an internal combustion engine and an energy storage device; and**

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(2) employs a regenerative braking system to recover waste energy to charge the energy storage device that is providing propulsion energy.

(b) A taxpayer is entitled to a deduction from the taxpayer's adjusted gross income with respect to a taxable year in which the taxpayer purchases a hybrid vehicle in a retail transaction.

(c) A taxpayer is entitled to a deduction for each hybrid vehicle purchased by the taxpayer in a retail transaction in a taxable year.

(d) The amount of the deduction is equal to one thousand dollars (\$1,000).

(e) To obtain the deduction provided by this section, the taxpayer must furnish proof of purchase of a hybrid vehicle as the department may require.

(f) A taxpayer is not entitled to a deduction under this section if the hybrid vehicle for which the deduction is being claimed was purchased by the taxpayer:

(1) at wholesale for the purpose of resale to another person; or

(2) in a retail transaction from another person who purchased the hybrid vehicle in a retail transaction.

SECTION 7. IC 6-3.1-27-8, AS AMENDED BY P.L.191-2005, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]: Sec. 8. (a) Subject to section 9.5 of this chapter, a taxpayer that has been certified by the corporation as eligible for a credit under this section and produces biodiesel at a facility located in Indiana is entitled to a credit against the taxpayer's state tax liability equal to the product of:

(1) one dollar (\$1); multiplied by

(2) the number of gallons of biodiesel:

(A) produced at the Indiana facility during the taxable year; and

(B) used to produce blended biodiesel.

(b) The total amount of credits allowed a taxpayer (or, if the person producing the biodiesel is a pass through entity, the shareholders, partners, or members of the pass through entity) under this section may not exceed ~~three~~ **four** million dollars (~~\$3,000,000~~) (**\$4,000,000**) for all taxable years.

(c) Notwithstanding subsection (b), the total amount of credits allowed a taxpayer (or if the person producing biodiesel is a pass through entity, the shareholders, partners, or members of the pass through entity) may be increased to an amount not to exceed a total of ~~five~~ **twenty** million dollars (~~\$5,000,000~~) (**\$20,000,000**) for all taxable

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years with the prior approval of the Indiana economic development corporation.

SECTION 8. IC 6-3.1-27-9, AS AMENDED BY P.L.191-2005, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]: Sec. 9. (a) Subject to section 9.5 of this chapter, a taxpayer that has been certified by the corporation as eligible for a credit under this section and produces blended biodiesel at a facility located in Indiana is entitled to a credit against the taxpayer's state tax liability equal to the product of:

- (1) two cents (\$0.02); multiplied by
- (2) the number of gallons of blended biodiesel:
 - (A) produced at the Indiana facility; and
 - (B) blended with biodiesel produced at a facility located in Indiana.

(b) The total amount of credits allowed a taxpayer (or, if the person producing the blended biodiesel is a pass through entity, the shareholders, partners, or members of the pass through entity) under this section may not exceed ~~three~~ **four** million dollars ~~(\$3,000,000)~~ **(\$4,000,000)** for all taxable years. **However, the total amount of credits allowed a taxpayer (or if the person blending biodiesel is a pass through entity, the shareholders, partners, or members of the pass through entity) may be increased to an amount not to exceed a total of twenty million dollars (\$20,000,000) for all taxable years with the prior approval of the Indiana economic development corporation.**

SECTION 9. IC 6-3.1-27-9.5, AS ADDED BY P.L.191-2005, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]: Sec. 9.5. The total amount of credits allowed under:

- (1) section 8 of this chapter;
- (2) section 9 of this chapter; and
- (3) IC 6-3.1-28;

may not exceed ~~twenty~~ **fifty** million dollars ~~(\$20,000,000)~~ **(\$50,000,000)** for all taxpayers and all taxable years **beginning after December 31, 2004.** The corporation shall determine the maximum allowable amount for each type of credit, which must be at least four million dollars (\$4,000,000) for each **type of** credit.

SECTION 10. IC 6-3.1-27-10, AS AMENDED BY P.L.191-2005, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]: Sec. 10. (a) A taxpayer that:

- (1) is a dealer; and
- (2) distributes at retail blended biodiesel in a taxable year;

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1 is entitled to a credit against the taxpayer's state tax liability.

2 (b) The amount of the credit allowed under this section is the
3 product of:

4 (1) one cent (\$0.01); multiplied by

5 (2) the total number of gallons of blended biodiesel distributed at
6 retail by the taxpayer in a taxable year.

7 ~~(c) The total amount of credits allowed under this section may not~~
8 ~~exceed one million dollars (\$1,000,000) for all taxpayers and all~~
9 ~~taxable years.~~

10 ~~(d)~~ (c) A credit under this section may not be taken for blended
11 biodiesel distributed at retail after December 31, ~~2006~~ 2010.

12 SECTION 11. IC 6-3.1-28-7.5 IS ADDED TO THE INDIANA
13 CODE AS A NEW SECTION TO READ AS FOLLOWS
14 [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]: **Sec. 7.5. (a)**
15 **The following definitions apply throughout this section:**

16 (1) "E85 base fuel" has the meaning set forth in
17 IC 6-6-1.1-103.

18 (2) "E85 base fuel compatible" means:

19 (A) capable of storing and delivering E85 base fuel without
20 contaminants resulting from deterioration from constant
21 contact with alcohol fuels; and

22 (B) in conformity with applicable governmental standards,
23 if any, and other nationally recognized standards applying
24 to storage and handling of E85 base fuel.

25 (3) "Fueling station" refers to a system at a retail outlet that:

26 (A) is designed to deliver fuel directly into the fuel system
27 of a motor vehicle used to operate the motor vehicle; and

28 (B) consists of the following:

29 (i) One (1) or more metered pumps contained in the same
30 housing.

31 (ii) At least one (1) connected fuel storage tank for the
32 metered pumps.

33 (iii) Piping connecting a metered pump and a connected
34 fuel storage tank, including vent and fuel recovery
35 piping.

36 (iv) Site improvements establishing a foundation on
37 which the metered pump housing and connected storage
38 tanks and piping are located.

39 (v) Any equipment, utilities, and control system directly
40 connected to the metered pumps, storage tanks, or
41 connected piping that is dedicated to monitoring, filling,
42 or operating the metered pumps or storage tank or

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filtering or recovering fuel in the metered pumps or storage tanks, including any software used in the control system.

(vi) Signage specifically required by law to dispense E85 base fuel.

(4) "Metered pump" has the meaning set forth in IC 6-2.5-7-1.

(5) "Retail outlet" means a location where fuel is dispensed from a fuel station in a retail transaction (as defined in IC 6-2.5-1-2).

(6) "Qualified investment" refers to an ordinary and usual expense incurred after June 30, 2006, to do any of the following:

(A) Purchase any part of an E85 base fuel compatible fueling station.

(B) Deliver any part of an E85 base fuel compatible fueling station to the location where it will be installed.

(C) Install a new E85 base fuel compatible fueling station.

(D) Refit any part of a fueling station that is not E85 base fuel compatible as an E85 base fuel compatible fueling station, including the costs of cleaning storage tanks and piping to remove petroleum sludge and other contaminants.

(b) A taxpayer that makes a qualified investment in an E85 base fuel compatible fueling station in Indiana is entitled to a credit against the taxpayer's state tax liability in the taxable year in which the E85 base fuel compatible fueling station is placed in service for the dispensing of E85 base fuel, if the E85 base fuel compatible fueling station:

(1) is placed in service in Indiana by the taxpayer for the dispensing of E85 base fuel before January 1, 2011; and

(2) has not previously been placed in service in Indiana by the taxpayer or any other person, corporation, or pass through entity for the dispensing of E85 base fuel.

(c) The amount of the credit for each E85 base fuel compatible fueling station placed in service by the taxpayer is equal to the lesser of:

(1) fifty percent (50%) of the amount of the taxpayer's qualified investment; or

(2) two thousand dollars (\$2,000).

(d) A taxpayer that takes a credit under this section is not eligible for any other credit against state tax liability for the same qualified investment. A credit granted under this section does not

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1 **reduce the basis of the qualified property for the purposes of**
 2 **determining any gain or loss on the property when the taxpayer**
 3 **disposes of the property.**

4 SECTION 12. IC 6-3.1-28-10, AS AMENDED BY P.L.191-2005,
 5 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 6 JANUARY 1, 2006 (RETROACTIVE)]: Sec. 10. To receive ~~the~~ a
 7 credit provided by this chapter, a taxpayer must do the following:

8 (1) Claim the credit on the taxpayer's state tax return or returns in
 9 the manner prescribed by the department.

10 (2) Provide, **for a credit for the production of ethanol**, a copy
 11 of the corporation's certificate finding:

12 (A) that the taxpayer; or

13 (B) if the taxpayer is a shareholder, partner, or member of a
 14 pass through entity, that the pass through entity;
 15 is eligible for the credit under IC 5-28-6-3.

16 (3) Submit to the department proof of all information that the
 17 department determines is necessary for the calculation of the
 18 credit provided by this chapter.

19 The department may require a pass through entity to provide
 20 informational reports that the department determines necessary for the
 21 department to calculate the percentage of the credit provided by this
 22 chapter to which a shareholder, partner, or member of the pass through
 23 entity is entitled.

24 SECTION 13. IC 6-3.1-28-11, AS AMENDED BY P.L.191-2005,
 25 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 26 JANUARY 1, 2006 (RETROACTIVE)]: Sec. 11. (a) The total amount
 27 of credits **for the production of ethanol** allowed a taxpayer (or, if the
 28 person producing the ethanol is a pass through entity, the shareholders,
 29 partners, or members of the pass through entity) under this chapter may
 30 not exceed a total of ~~three~~ **four** million dollars (~~\$3,000,000~~)
 31 (**\$4,000,000**) for all taxable years.

32 (b) ~~Notwithstanding subsection (a);~~ **However,** the total amount of
 33 credits allowed a taxpayer (or if the person producing ethanol is a pass
 34 through entity, the shareholders, partners, or members of the pass
 35 through entity) may be increased to an amount not to exceed a total of
 36 ~~five~~ **twenty** million dollars (~~\$5,000,000~~) (**\$20,000,000**) for all taxable
 37 years with the prior approval of the Indiana economic development
 38 corporation.

39 SECTION 14. IC 6-3.1-28-12 IS ADDED TO THE INDIANA
 40 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
 41 [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]: **Sec. 12. (a)**
 42 **The definitions in section 7.5 of this chapter apply throughout this**

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section.

(b) A taxpayer that received a tax benefit from a credit under section 7.5 of this chapter (including a shareholder, partner, or member of a pass through entity) is liable for a recapture tax if the qualified investment that is the basis for the credit is converted to any use, other than to dispense E85 base fuel, within three (3) taxable years after the end of the taxable year in which the E85 base fuel compatible fueling station was placed in service. The recapture tax equals the following:

(1) Seventy-five percent (75%) of the tax benefit received by the taxpayer if the use is converted not later than one (1) taxable year after the end of the taxable year in which the E85 base fuel compatible fueling station was placed in service.

(2) Fifty percent (50%) of the tax benefit received by the taxpayer if the use is converted later than one (1) but not later than two (2) taxable years after the end of the taxable year in which the E85 base fuel compatible fueling station was placed in service.

(3) Twenty-five percent (25%) of the tax benefit received by the taxpayer if the use is converted later than two (2) but not later than three (3) taxable years after the end of the taxable year in which the E85 base fuel compatible fueling station was placed in service.

In addition, the department shall disallow any unused credit that the taxpayer has not applied to the taxpayer's tax liability.

(c) A recapture tax under this section shall be treated as a listed tax.

(d) A taxpayer shall report a recapture tax liability in the manner, on the schedule, and in the form prescribed by the department.

SECTION 15. IC 6-3.1-29-4.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]: **Sec. 4.5. As used in this chapter, "fluidized bed combustion technology" means a technology that involves the combustion of fuel in connection with a bed of inert material, such as limestone or dolomite, which is held in a fluid like state by the means of air or other gasses being passed through the materials.**

SECTION 16. IC 6-3.1-29-6, AS ADDED BY P.L.191-2005, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]: **Sec. 6. As used in this chapter, "integrated coal gasification powerplant" polygeneration**

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facility" means a facility that satisfies all the following requirements:

(1) The facility is located in Indiana and is a newly constructed:

(A) energy generating plant; **or**

(B) **nonutility synthetic gas boiler or polygeneration facility.**

(2) The facility converts coal into synthesis gas that can be used as a fuel:

(A) to generate energy; **or**

(B) **in a nonutility boiler or in polygeneration.**

(3) The facility uses the synthesis gas as a fuel to generate electric energy

~~(4) The facility is dedicated primarily to serving Indiana retail electric utility consumers.~~

for utility or nonutility use.

SECTION 17. IC 6-3.1-29-10, AS ADDED BY P.L.191-2005, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]: Sec. 10. As used in this chapter, "qualified investment" means a taxpayer's expenditures for:

(1) all real and tangible personal property incorporated in and used as part of an integrated coal gasification ~~powerplant~~; **polygeneration facility or a fluidized bed combustion technology**; and

(2) transmission equipment and other real and personal property located at the site of an integrated coal gasification ~~powerplant~~ **polygeneration facility or a fluidized bed combustion technology** that is employed specifically to serve the integrated coal gasification ~~powerplant~~; **polygeneration facility or fluidized bed combustion technology.**

SECTION 18. IC 6-3.1-29-14, AS ADDED BY P.L.191-2005, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]: Sec. 14. (a) A taxpayer that:

(1) is awarded a tax credit under this chapter by the corporation; and

(2) complies with the conditions set forth in this chapter and the agreement entered into by the corporation and the taxpayer under this chapter;

is entitled to a credit against the taxpayer's state tax liability for a taxable year in which the taxpayer places into service an integrated coal gasification ~~powerplant~~ **polygeneration facility or a fluidized bed combustion technology** and for the taxable years provided in section 16 of this chapter.

(b) A tax credit awarded under this chapter must be applied against

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the taxpayer's state tax liability in the following order:

- (1) Against the taxpayer's liability incurred under IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax).
- (2) Against the taxpayer's liability incurred under IC 6-5.5 (the financial institutions tax).
- (3) Against the taxpayer's liability incurred under IC 27-1-18-2 (the insurance premiums tax).
- (4) Against the taxpayer's liability incurred under IC 6-2.3 (the utility receipts tax).

SECTION 19. IC 6-3.1-29-15, AS ADDED BY P.L.191-2005, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]: Sec. 15. (a) Subject to section 16 of this chapter, the amount of the credit to which a taxpayer is entitled **for a qualified investment in an integrated coal gasification polygeneration facility** is equal to the sum of the following:

- (1) Ten percent (10%) of the taxpayer's qualified investment for the first five hundred million dollars (\$500,000,000) invested.
- (2) Five percent (5%) of the amount of the taxpayer's qualified investment that exceeds five hundred million dollars (\$500,000,000) **only if the facility is dedicated primarily to serving Indiana retail electric utility consumers.**

(b) Subject to section 16 of this chapter, the amount of the credit to which a taxpayer is entitled for a qualified investment in a fluidized bed combustion technology is equal to the sum of the following:

- (1) Seven percent (7%) of the taxpayer's qualified investment for the first five hundred million dollars (\$500,000,000) invested.
- (2) Three percent (3%) of the amount of the taxpayer's qualified investment that exceeds five hundred million dollars (\$500,000,000).

SECTION 20. IC 6-3.1-29-16, AS ADDED BY P.L.191-2005, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]: Sec. 16. (a) A credit awarded under section 15 of this chapter must be taken in ten (10) annual installments, beginning with the year in which the taxpayer places into service an integrated coal gasification ~~powerplant~~ **polygeneration facility or a fluidized bed combustion technology.**

(b) Subject to section 20 of this chapter, the amount of an annual installment of the credit awarded under section 15 of this chapter is equal to the amount determined in the last of the following STEPS:

STEP ONE: Determine the lesser of:

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(A) the credit amount determined under section 15 of this chapter, divided by ten (10); or

(B) the greater of:

(i) the taxpayer's total state tax liability for the taxable year, multiplied by twenty-five percent (25%); or

(ii) the taxpayer's liability for the utility receipts tax imposed under IC 6-2.3 for the taxable year.

STEP TWO: Multiply the STEP ONE amount by the percentage of Indiana coal used in the taxpayer's integrated coal gasification **powerplant polygeneration facility or fluidized bed combustion technology** in the taxable year for which the annual installment of the credit is allowed.

(c) If the credit allowed by this chapter is available to a member of an affiliated group of corporations filing a consolidated return under IC 6-2.3-6-5 or IC 6-3-4-14, the credit shall be applied against the state tax liability of the affiliated group.

SECTION 21. IC 6-3.1-29-17, AS ADDED BY P.L.191-2005, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]: Sec. 17. A person that proposes to place a new integrated coal gasification **powerplant polygeneration facility or fluidized bed combustion technology** into service may apply to the corporation before the taxpayer makes the qualified investment to enter into an agreement for a tax credit under this chapter. The corporation shall prescribe the form of the application.

SECTION 22. IC 6-3.1-29-19, AS ADDED BY P.L.191-2005, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]: Sec. 19. (a) The corporation shall enter into an agreement with an applicant that is awarded a credit under this chapter. The agreement must include all the following:

(1) A detailed description of the project that is the subject of the agreement.

(2) The first taxable year for which the credit may be claimed.

(3) The maximum tax credit amount that will be allowed for each taxable year.

(4) A requirement that the taxpayer shall maintain operations at the project location for at least ten (10) years during the term that the tax credit is available.

(5) **If the facility is an integrated coal gasification polygeneration facility dedicated primarily to serving Indiana retail electric utility consumers**, a requirement that the taxpayer shall pay an average wage to its employees at the integrated coal

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1 gasification ~~powerplant~~, **polygeneration facility**, other than
 2 highly compensated employees, in each taxable year that a tax
 3 credit is available that equals at least one hundred twenty-five
 4 percent (125%) of the average county wage in the county in which
 5 the integrated coal gasification ~~powerplant~~ **polygeneration**
 6 **facility** is located.

7 **(6) For a project involving a qualified investment in a coal**
 8 **gasification polygeneration facility**, a requirement that the
 9 taxpayer will maintain at the location where the qualified
 10 investment is made, during the term of the tax credit:

11 **(A) if the facility is dedicated primarily to serving Indiana**
 12 **retail electric utility consumers**, a total payroll that is at least
 13 equal to the payroll that existed on the date that the taxpayer
 14 placed the integrated coal gasification ~~powerplant~~
 15 **polygeneration facility** into service; and

16 **(B) if clause (A) does not apply**, a total payroll that is at
 17 least seventy-five percent (75%) of the payroll that existed
 18 on the date the taxpayer placed the integrated coal
 19 gasification polygeneration facility into service.

20 **(7) A requirement that:**

21 **(A) one hundred percent (100%) of the coal used:**

- 22 **(i) at the integrated coal gasification polygeneration**
 23 **facility, for a project involving a qualified investment in**
 24 **an integrated coal gasification polygeneration facility; or**
 25 **(ii) as fuel in a fluidized bed combustion unit, in a project**
 26 **involving a qualified investment in a fluidized bed**
 27 **combustion technology;**

28 **must be Indiana coal, if the facility or unit is dedicated**
 29 **primarily to serving Indiana retail electric utility**
 30 **consumers; or**

31 **(B) seventy-five percent (75%) of the coal used:**

- 32 **(i) at the integrated coal gasification polygeneration**
 33 **facility, for a project involving a qualified investment in**
 34 **an integrated coal gasification polygeneration facility; or**
 35 **(ii) as fuel in a fluidized bed combustion unit, in a project**
 36 **involving a qualified investment in a fluidized bed**
 37 **combustion technology;**

38 **must be Indiana coal, if the facility or unit is not dedicated**
 39 **primarily to serving Indiana retail electric utility**
 40 **consumers. the taxpayer shall use Indiana coal at the**
 41 **taxpayer's integrated coal gasification powerplant.**

42 **(8) A requirement that the taxpayer obtain from the commission**

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a determination under IC 8-1-8.5-2 that public convenience and necessity require, or will require:

(A) the construction of the taxpayer's integrated coal gasification polygeneration facility, in the case of a project involving a qualified investment in an integrated coal gasification polygeneration facility; or

(B) the installation of the taxpayer's fluidized bed combustion unit, in the case of a project involving a qualified investment in a fluidized bed combustion technology. ~~the construction of the taxpayer's integrated coal gasification powerplant.~~

(b) A taxpayer must comply with the terms of the agreement described in subsection (a) to receive an annual installment of the tax credit awarded under this chapter. The corporation shall annually determine whether the taxpayer is in compliance with the agreement. If the corporation determines that the taxpayer is in compliance, the corporation shall issue a certificate of compliance to the taxpayer.

SECTION 23. IC 6-3.1-29-20, AS ADDED BY P.L.191-2005, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]: Sec. 20. (a) This section applies if a qualified investment is made by a pass through entity or by taxpayers who are co-owners of an integrated coal gasification ~~powerplant~~ **polygeneration facility or a fluidized bed combustion technology.**

(b) If the credit allowed by this chapter for a taxable year is greater than the state tax liability of the pass through entity against which the tax credit may be applied, a shareholder, partner, or member of the pass through entity is entitled to a tax credit equal to:

(1) the tax credit determined for the pass through entity for the taxable year in excess of the pass through entity's state tax liability for the taxable year; multiplied by

(2) in the case of a pass through entity described in:

(i) section 9(1), 9(2), 9(3), or 9(4) of this chapter, the percentage of the pass through entity's distributive income to which the shareholder, partner, or member is entitled; and

(ii) section 9(5) or 9(6) of this chapter, the relative percentage of the corporation's patronage dividends allocable to the member for the taxable year.

(c) If an integrated coal gasification ~~powerplant~~ **polygeneration facility or a fluidized bed combustion technology** is co-owned by two (2) or more taxpayers, the amount of the credit that may be allowed to a co-owner in a taxable year is equal to:

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(1) the tax credit determined under sections 15 and 16 of this chapter with respect to the total qualified investment in the integrated coal gasification ~~powerplant~~; **polygeneration facility or fluidized bed combustion technology**; multiplied by
 (2) the co-owner's percentage of ownership in the integrated coal gasification ~~powerplant~~; **polygeneration facility or fluidized bed combustion technology**.

(d) The amount of an annual installment of the credit allowed to a shareholder, partner, or member of a pass through entity or a co-owner shall be determined under section 16 of this chapter modified as follows:

(1) Section 16(b) STEP ONE (A) of this chapter shall be based on the percentage of the credit allowed to the shareholder, partner, member, or co-owner under this section.

(2) Section 16(b) STEP ONE (B) of this chapter shall be based on the:

(A) state tax liability; or

(B) utilities receipts tax liability;

of the shareholder, partner, member, or co-owner.

SECTION 24. IC 6-6-1.1-103 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]:
 Sec. 103. As used in this chapter:

(a) "Administrator" means the administrative head of the department of state revenue or the administrator's designee.

(b) "Dealer" means a person, except a distributor, engaged in the business of selling gasoline in Indiana.

(c) "Department" means the department of state revenue.

(d) "Distributor" means a person who first receives gasoline in Indiana. However, "distributor" does not include the United States or any of its agencies unless their inclusion is permitted under the Constitution and laws of the United States.

(e) "Licensed distributor" means a person holding a valid distributor's license issued by the administrator.

(f) "Marine facility" means a marina or boat livery.

(g) "Gasoline" means:

(1) all products commonly or commercially known or sold as gasoline, including casinghead and absorption or natural gasoline, regardless of their classifications or uses; and

(2) any liquid, which when subjected to distillation of gasoline, naphtha, kerosene, and similar petroleum products with American Society for Testing Materials Designation D-86, shows not less than ten percent (10%) distilled

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(recovered) below three hundred forty-seven degrees Fahrenheit (347 degrees F) or one hundred seventy-five degrees Centigrade (175 degrees C), and not less than ninety-five percent (95%) distilled (recovered) below four hundred sixty-four degrees Fahrenheit (464 degrees F) or two hundred forty degrees Centigrade (240 degrees C).

However, the term "gasoline" does not include liquefied gases which would not exist as liquids at a temperature of sixty degrees Fahrenheit (60 degrees F) or sixteen degrees Centigrade (16 degrees C), and a pressure of fourteen and seven-tenths (14.7) pounds per square inch absolute, or denatured, wood, or ethyl alcohol, ether, turpentine, or acetates, unless such product is used as an additive in the manufacture, compounding, or blending of a liquid within subdivision (2) **or otherwise blended with a liquid described in subdivision (2) (including an ethanol base fuel meeting the specifications of 40 CFR 79.55)**, in which event only the quantity so used is considered gasoline. In addition, "gasoline" does not include those liquids which meet the specifications of subdivision (2) but which are especially designated for use other than as a fuel for internal combustion engines.

(h) "Motor vehicle" means a vehicle, except a vehicle operated on rails, which is propelled by an internal combustion engine or motor and is designed to permit its mobile use on public highways.

(i) "Person" means a natural person, partnership, firm, association, corporation, limited liability company, representative appointed by a court, or the state or its political subdivisions.

(j) "Public highway" means the entire width between boundary lines of every publicly maintained way in Indiana including streets and alleys in cities and towns when any part of the way is open to public use for vehicle travel.

(k) "Taxable marine facility" means a marine facility located on an Indiana lake.

(l) "Taxicab" means a motor vehicle which is:

- (1) designed to carry not more than seven (7) individuals, including the driver;
- (2) held out to the public for hire at a fare regulated by municipal ordinance and based upon length of trips or time consumed;
- (3) not operated over a definite route; and
- (4) a part of a commercial enterprise in the business of

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- 1 providing taxicab service.
- 2 (m) "Terminal" means a marine or pipeline gasoline facility.
- 3 (n) "Metered pump" means a stationary pump having a meter that
- 4 is capable of measuring the amount of gasoline dispensed through
- 5 it.
- 6 (o) "Billed gallons" means the gallons indicated on an invoice for
- 7 payment to a supplier.
- 8 (p) "Export" for gasoline and fuels taxed in the same manner as
- 9 gasoline under the origin state's statutes means the sale for export
- 10 and delivery out of a state by or for the seller that is:
- 11 (1) an export by the seller in the origin state; and
- 12 (2) an import by the seller in the destination state.
- 13 (q) "Import" for gasoline and fuels taxed in the same manner as
- 14 gasoline under the origin state's statutes means the purchase for
- 15 export and transportation out of a state by or for the purchaser that
- 16 is:
- 17 (1) an export by the purchaser in the origin state; and
- 18 (2) an import by the purchaser in the destination state.
- 19 (r) "Rack" means a dock, platform, or open bay:
- 20 (1) located at a refinery or terminal; and
- 21 (2) having a system of metered pipes and hoses to load fuel
- 22 into a tank wagon or tank transport.
- 23 **(s) "E85 base fuel" means a fuel (as defined in 40 CFR 79.2)**
- 24 **that meets the specifications in 40 CFR 79.55 for the ethanol**
- 25 **base fuel E85.**
- 26 SECTION 25. IC 6-6-1.1-201 IS AMENDED TO READ AS
- 27 FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]:
- 28 Sec. 201. A license tax of:
- 29 (1) eighteen cents (\$0.18) per gallon of gasoline; and
- 30 (2) **twelve and eight-tenths cents (\$0.128) per gallon of E85**
- 31 **base fuel;**
- 32 is imposed on the use of all gasoline **and E85 base fuel** used in
- 33 Indiana, except as otherwise provided by this chapter. The distributor
- 34 shall initially pay the tax on the billed gallonage of all gasoline **and**
- 35 **E85 base fuel** the distributor receives in this state, less any deductions
- 36 authorized by this chapter. The distributor shall then add the per gallon
- 37 amount of tax to the selling price of each gallon of gasoline **and E85**
- 38 **base fuel** sold in this state and collected from the purchaser so that the
- 39 ultimate consumer bears the burden of the tax.
- 40 SECTION 26. IC 6-6-1.1-501 IS AMENDED TO READ AS
- 41 FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]:
- 42 Sec. 501. To determine ~~his~~ tax liability under this chapter, each

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distributor shall file a sworn report with the administrator by the twentieth day of each calendar month. The administrator may require the following information to be included in the report:

(1) An itemized statement of the number of invoiced gallons of gasoline received by the distributor within Indiana during the preceding calendar month, as determined under sections 202 through 207 of this chapter. The administrator may require that the statement include the date, place, and quantity of each receipt of gasoline, the point of origin, the method by which and the name of the person from whom the gasoline was received, and any other information which the administrator requires.

(2) An itemized statement showing the deductions provided by sections 701 through 705 of this chapter, together with such details to support each deduction as the administrator may require.

(3) An itemized statement showing the gallons of gasoline sold to a marine facility for which the distributor does not receive an exemption certificate authorized by section 305 of this chapter.

(4) An itemized statement of the number of invoiced gallons of E85 base fuel received by the distributor within Indiana during the preceding calendar month, determined in the same manner as for gasoline under sections 202 through 207 of this chapter. The administrator may require that the statement include the date, place, and quantity of each receipt of E85 base fuel, the point of origin, the method by which and the name of the person from whom the E85 base fuel was received, and any other information the administrator requires.

SECTION 27. IC 6-6-1.1-502 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]:
Sec. 502. (a) Except as provided in subsection (b), at the time of filing each monthly report, each distributor shall pay to the administrator the full amount of tax due under this chapter for the preceding calendar month, computed as follows:

(1) Enter the total number of invoiced gallons of gasoline **and E85 base fuel** received during the preceding calendar month.

(2) Subtract the number of gallons for which deductions are provided by sections 701 through 705 of this chapter from the number of gallons entered under subdivision (1).

(3) Subtract the number of gallons reported under section 501(3) of this chapter.

(4) Multiply the number of invoiced gallons remaining after

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making the computation in subdivisions (2) and (3) by the **applicable** tax rate prescribed by section 201 of this chapter to compute that part of the gasoline tax **and E85 base fuel tax** to be deposited in the highway, road and street fund under section 802(2) of this chapter or in the motor fuel tax fund under section 802(3) of this chapter.

(5) Multiply the number of gallons subtracted under subdivision (3) by the tax rate prescribed by section 201 of this chapter to compute that part of the gasoline tax to be deposited in the fish and wildlife fund under section 802(1) of this chapter.

(b) If the department determines that a distributor's:

(1) estimated monthly gasoline **and E85 base fuel** tax liability for the current year; or

(2) average monthly gasoline **and E85 base fuel** tax liability for the preceding year;

exceeds ten thousand dollars (\$10,000), the distributor shall pay the monthly gasoline taxes due by electronic ~~fund~~ **funds** transfer (as defined in IC 4-8.1-2-7) or by delivering in person or by overnight courier a payment by cashier's check, certified check, or money order to the department. The transfer or payment shall be made on or before the date the tax is due.

SECTION 28. IC 6-6-1.1-705 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]:
Sec. 705. (a) If a monthly report is filed and the amount due is remitted at or before the time required by this chapter, a distributor is entitled to a deduction equal to one and six-tenths percent (1.6%) of the remainder of:

(1) the number of invoiced gallons of gasoline ~~he~~ **and E85 base fuel the distributor** received in Indiana during the preceding calendar month; minus

(2) the deductions claimed by the distributor under sections 701 through 704 of this chapter.

This deduction is a flat allowance to cover evaporation, shrinkage, losses (except losses covered by section 301(5) of this chapter), and the distributor's expenses in collecting and timely remitting the tax imposed by this chapter.

(b) If a monthly report is filed or the amount due is remitted later than the time required under this chapter, the distributor shall pay to the administrator all of the gasoline **and E85 base fuel** tax the distributor received from the sale of gasoline **and E85 base fuel** covered by the late report, reduced by payments made under IC 6-8.1-8-1.

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SECTION 29. IC 6-6-5-7.6 IS ADDED TO THE INDIANA CODE
AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
1, 2006]: Sec. 7.6. (a) This section applies only to a vehicle that:

(1) is:

(A) designed and equipped by the manufacturer to use E85
base fuel for the vehicle's internal combustion engine as a
new vehicle; and

(B) first offered for sale after June 30, 2006; or

(2) is converted to use E85 base fuel for the vehicle's internal
combustion engine after June 30, 2006.

(b) The following definitions apply throughout this section:

(1) "E85 base fuel" has the meaning set forth in
IC 6-6-1.1-103.

(2) "Passenger motor vehicle" has the meaning set forth in
IC 9-13-2-123(a).

(3) "Truck" has the meaning set forth in IC 9-13-2-188(a).

(c) The owner of a passenger motor vehicle or truck that
acquires the vehicle for use by the owner and not resale is entitled
to a credit against the excise tax imposed under this chapter in the
first year that the vehicle is subject to tax under this chapter if the:

(1) original use of the vehicle commences with the owner; and

(2) manufacturer designed the vehicle to use E85 base fuel in
the vehicle's internal combustion engine.

The amount of the credit is equal to the amount of the tax that
would otherwise be imposed for the first year or part of a year that
the vehicle is subject to tax under this chapter.

(d) For purposes of this subsection, "vehicle" refers to a
passenger motor vehicle or a truck. The owner of a vehicle
described in subsection (a)(2) is entitled to a credit against the
excise tax imposed under this chapter for the year in which the
vehicle's internal combustion engine is converted to use E85 base
fuel if the vehicle converted will:

(1) be used by the owner; and

(2) not resold;

during the year the vehicle's engine is converted. The amount of
the credit is equal to the amount of the tax that would otherwise be
imposed for the year in which the vehicle's engine is converted. If
the owner of the vehicle pays the excise tax for the year in which
the vehicle's engine is converted before the engine is converted, the
owner is entitled to a refund of the excise tax paid upon application
to the bureau.

SECTION 30. [EFFECTIVE JANUARY 1, 2006

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1 (RETROACTIVE)] (a) IC 6-1.1-12-29, IC 6-1.1-12-30, and
2 IC 6-1.1-12-31, all as amended by this act, apply only to property
3 taxes first due and payable after December 31, 2006. The
4 department of local government finance shall prescribe forms and
5 establish procedures to permit taxpayers to take the deductions
6 provided by these provisions against property taxes due after
7 December 31, 2006. The department of local government finance
8 may adopt temporary rules in the manner provided for the
9 adoption of emergency rules under IC 4-22-2-37.1 to implement
10 this subsection.

11 (b) IC 6-3-2-20, as added by this act, applies to taxable years
12 beginning after December 31, 2006.

13 (c) IC 6-3.1-27, IC 6-3.1-28, and IC 6-3.1-29, all as amended by
14 this act, apply to taxable years beginning after December 31, 2005.

15 (d) IC 6-3.1-27-9.5, as amended by this act, applies to taxable
16 years beginning after December 31, 2004.

17 (e) IC 6-6-1.1, as amended by this act, applies to billed gallonage
18 of E85 base fuel received in Indiana after June 30, 2006.

19 (f) IC 6-6-5-7.6, as added by this act, applies to vehicle
20 registrations after June 30, 2006.

21 SECTION 31. An emergency is declared for this act.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Utilities and Energy, to which was referred House Bill 1332, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 4-4-10.9-23.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 23.5. "Pollution control" means any technology or process that effectively reduces the emissions of certain pollutants per unit of work. The term includes any of the following, as determined by the office of the lieutenant governor:**

- (1) Precombustion processes.**
- (2) Combustion processes or technology.**
- (3) Postcombustion cleanup.**

SECTION 2. IC 4-4-10.9-24 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 24. "Pollution control facility" means a facility for the abatement, reduction, or prevention of pollution or for the removal or treatment of any substances in materials being processed that otherwise would cause pollution when used. This includes the following:**

- (1) Coal washing, coal cleaning, or coal preparation facilities designed to reduce the sulfur and ash levels of Indiana coal.**
 - (2) Coal-fired boiler facilities designed to reduce emissions while burning Indiana coal.**
 - (3) Pollution control equipment to allow for the environmentally sound use of Indiana coal.**
 - (4) Facilities that convert biomass, including agricultural waste, industrial waste, and municipal solid waste, into energy or synthetic gas for beneficial use.**
 - (5) Pollution control equipment for the conversion of waste tires into energy or synthetic gas for beneficial use.**
 - (6) Manufacturing facilities that use coal combustion products:**
 - (A) as defined by ASTM E-2201-02a; and**
 - (B) that are derived from burning Indiana coal;**
- as a raw material for manufacturing another product."**

Page 2, line 7, delete "and" and insert "**or**".

Page 2, line 10, delete "and" and insert "**or**".

Page 3, line 15, delete "for each taxable year the taxpayer owns" and

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insert **"with respect to a taxable year in which the taxpayer purchases"**.

Page 3, line 16, delete "." and insert **"in a retail transaction."**.

Page 3, line 18, delete "owned by the taxpayer" and insert **"purchased by the taxpayer in a retail transaction"**.

Page 3, line 19, delete "the lesser of:" and insert **"one thousand dollars (\$1,000)."**.

Page 3, delete lines 20 through 24.

Page 3, line 26, delete "ownership" and insert **"purchase"**.

Page 3, line 29, after "was" insert **"purchased by the taxpayer:**

**(1) at wholesale for the purpose of resale to another person;
or**

(2) in a retail transaction from another person who purchased the hybrid vehicle in a retail transaction."

Page 3, delete line 30.

Page 6, line 23, delete "a renewable" and insert **"an E85 base"**.

Page 6, line 25, delete "a renewable" and insert **"an E85 base"**.

Page 6, line 27, delete "renewable" and insert **"E85 base"**.

Page 6, line 28, delete "renewable" and insert **"E85 base"**.

Page 6, line 29, delete "a renewable" and insert **"an E85 base"**.

Page 6, line 34, after "taxpayer's" insert **"state"**.

Page 6, line 33, delete "A taxpayer that makes a qualified investment in Indiana is" and insert **"A taxpayer that makes a qualified investment in an E85 base fuel compatible fueling station in Indiana is entitled to a credit against the taxpayer's state tax liability in the taxable year in which the E85 base fuel compatible fueling station is placed in service for the dispensing of E85 base fuel, if the E85 base fuel compatible fueling station:**

(1) is placed in service in Indiana by the taxpayer for the dispensing of E85 base fuel before January 1, 2011; and

(2) has not previously been placed in service in Indiana by the taxpayer or any other person, corporation, or pass through entity for the dispensing of E85 base fuel.

(c) The amount of the credit for each E85 base fuel compatible fueling station placed in service by the taxpayer is equal to the lesser of:

(1) fifty percent (50%) of the amount of the taxpayer's qualified investment; or

(2) two thousand dollars (\$2,000)."

Page 6, delete lines 34 through 42.

Page 7, delete lines 1 through 2.

Page 7, line 11, strike "the" and insert **"a"**.

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Page 8, line 13, delete "qualified investment" and insert **"E85 base fuel compatible fueling station"**.

Page 8, line 18, delete "qualified investment" and insert **"E85 base fuel compatible fueling station"**.

Page 8, line 22, delete "qualified investment" and insert **"E85 base fuel compatible fueling station"**.

Page 8, line 26, delete "qualified investment" and insert **"E85 base fuel compatible fueling station"**.

Page 8, between lines 33 and 34, begin a new paragraph and insert:
"SECTION 15. IC 6-3.1-29-4.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006 (RETROACTIVE)]: Sec. 4.5. As used in this chapter, "fluidized bed combustion technology" means a technology that involves the combustion of fuel in connection with a bed of inert material, such as limestone or dolomite, which is held in a fluid like state by the means of air or other gasses being passed through the materials."

Page 9, line 16, delete "facility;" and insert **"facility or a fluidized bed combustion technology;"**.

Page 9, line 19, after "facility" insert **"or a fluidized bed combustion technology"**.

Page 9, line 20, delete "facility." and insert **"facility or fluidized bed combustion technology."**

Page 9, line 31, after "facility" insert **"or a fluidized bed combustion technology"**.

Page 10, line 3, after "15." insert **"(a)"**.

Page 10, line 4, after "entitled" insert **"for a qualified investment in an integrated coal gasification polygeneration facility"**.

Page 10, between lines 11 and 12, begin a new paragraph and insert:

"(b) Subject to section 16 of this chapter, the amount of the credit to which a taxpayer is entitled for a qualified investment in a fluidized bed combustion technology is equal to the sum of the following:

(1) Seven percent (7%) of the taxpayer's qualified investment for the first five hundred million dollars (\$500,000,000) invested.

(2) Three percent (3%) of the amount of the taxpayer's qualified investment that exceeds five hundred million dollars (\$500,000,000)."

Page 10, line 18, delete "facility." and insert **"facility or a fluidized bed combustion technology."**

Page 10, line 32, after "facility" insert **"or fluidized bed"**

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combustion technology".

Page 10, line 42, after "facility" insert **"or fluidized bed combustion technology".**

Page 11, line 17, after "is" insert **"an integrated coal gasification polygeneration facility".**

Page 11, line 26, delete "A" and insert **"For a project involving a qualified investment in a coal gasification polygeneration facility, a".**

Page 11, line 38, after "that" insert ":

(A) one hundred percent (100%) of the coal used:

(i) at the integrated coal gasification polygeneration facility, for a project involving a qualified investment in an integrated coal gasification polygeneration facility; or
(ii) as fuel in a fluidized bed combustion unit, in a project involving a qualified investment in a fluidized bed combustion technology;

must be Indiana coal, if the facility or unit is dedicated primarily to serving Indiana retail electric utility consumers; or

(B) seventy-five percent (75%) of the coal used:

(i) at the integrated coal gasification polygeneration facility, for a project involving a qualified investment in an integrated coal gasification polygeneration facility; or
(ii) as fuel in a fluidized bed combustion unit, in a project involving a qualified investment in a fluidized bed combustion technology;

must be Indiana coal, if the facility or unit is not dedicated primarily to serving Indiana retail electric utility consumers."

Page 11, line 38, strike "the taxpayer shall use Indiana coal at the".

Page 11, line 39, strike "taxpayer's integrated coal gasification".

Page 11, delete line 40.

Page 12, line 1, delete "will require," and insert "will require:

(A) the construction of the taxpayer's integrated coal gasification polygeneration facility, in the case of a project involving a qualified investment in an integrated coal gasification polygeneration facility; or

(B) the installation of the taxpayer's fluidized bed combustion unit, in the case of a project involving a qualified investment in a fluidized bed combustion technology."

Page 12, line 1, strike "the construction of the".

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Page 12, line 2, strike "taxpayer's integrated coal gasification".

Page 12, delete line 3.

Page 12, line 15, delete "facility." and insert "**facility or a fluidized bed combustion technology.**".

Page 12, line 31, after "facility" insert "**or a fluidized bed combustion technology**".

Page 12, line 35, delete "facility;" and insert "**facility or fluidized bed combustion technology;**".

Page 12, line 38, delete "facility." and insert "**facility or fluidized bed combustion technology.**".

Page 18, between lines 15 and 16, begin a new paragraph and insert:

"(d) For purposes of this subsection, "vehicle" refers to a passenger motor vehicle or a truck. The owner of a vehicle described in subsection (a)(2) is entitled to a credit against the excise tax imposed under this chapter for the year in which the vehicle's internal combustion engine is converted to use E85 base fuel if the vehicle converted will:

(1) be used by the owner; and

(2) not resold;

during the year the vehicle's engine is converted. The amount of the credit is equal to the amount of the tax that would otherwise be imposed for the year in which the vehicle's engine is converted. If the owner of the vehicle pays the excise tax for the year in which the vehicle's engine is converted before the engine is converted, the owner is entitled to a refund of the excise tax paid upon application to the bureau."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1332 as introduced.)

LUTZ J, Chair

Committee Vote: yeas 8, nays 1.

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